

PD6 Exh 17

Suspicious Order Monitoring— Objective Evidence, Customer Segmentation and Applicable SOM Rules

May 8, 2008

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Objective Evidence Framework

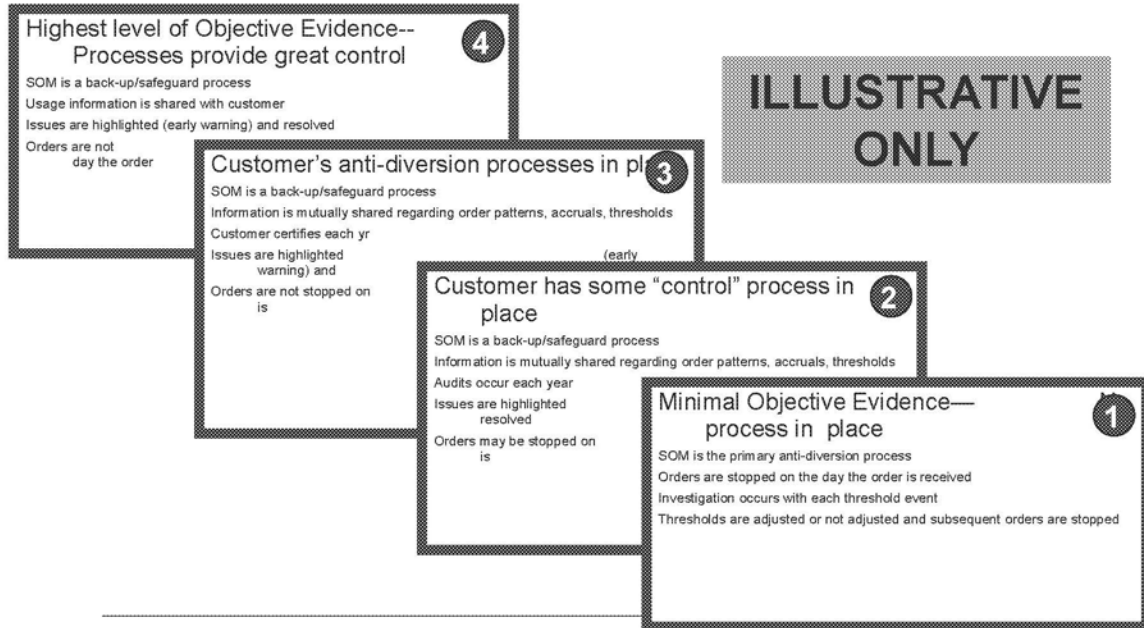
- Goal—develop a tool to assess “risk” of diversion by customer channel, and within the channel, by customer
 - Articulate a framework that supports differing types of SOM processes based on risk of the customer
 - Create an assessment tool that uses “objective evidence” to determine the level of risk.
 - Develop a tool that defines segments customers into SOM levels based on the assessment information.
- Goal—develop a “menu” that provides guidelines for SOM appropriate for the customer
 - The SOM level will highlight key characteristics of the Suspicious Order Monitoring process that Cardinal will initiate with the Customer
 - The menu supports consistency of SOM approach based on an “objective” assessment



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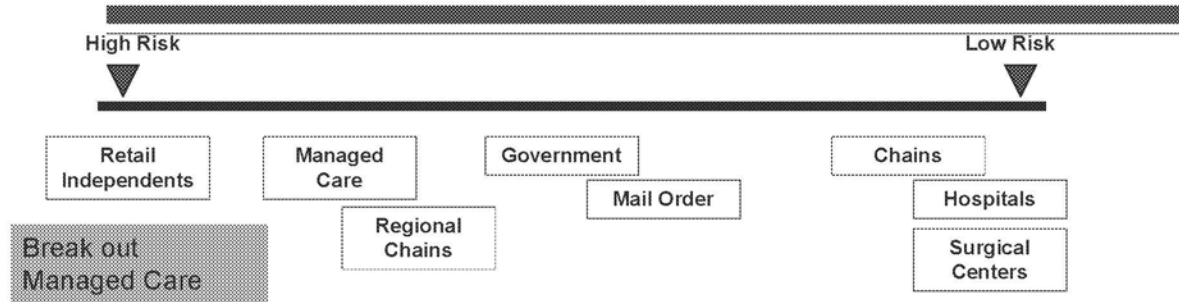
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Objective Evidence, Customer Segmentation and SOM Level



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Objective Evidence—Risk Assessment



Estimate of risk for each customer segment regarding the potential diversion of controlled substances. The “risk” will have impact on the SOM process and “thresholds” developed to safeguard against diversion—the higher the risk, the more the need for a Cardinal owned and enforced SOM.

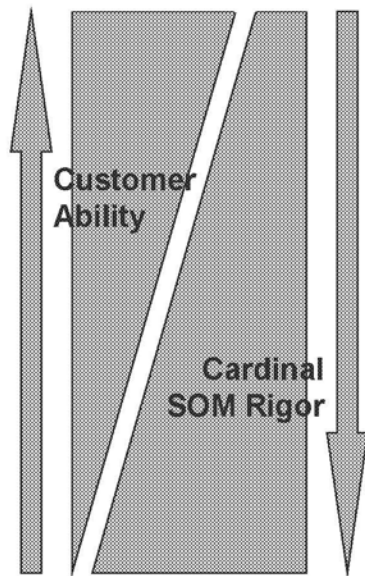
- Information being gathered to determine “risk” (due May 9)



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Objective Evidence Framework



Objective evidence that would support a model where other compensating controls (financial oversight, certifications, accreditations) would establish support for a different SOM formula

- Segmentation based on criteria that determines ability to self monitor and stop diversion. For example:
 4. Governing body/Association attests to capability
 3. Process in place to monitor use/dosage of population and match that to own inventory/orders
 2. Some processes in place to monitor loss/shrinkage
 1. No process in place



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Customer Assessment Tool—Maturity Model

RISK ASSESSMENT
AFFILIATIONS/ CERTIFICATIONS
ANTI-DIVERSION PROCESSES
ANTI-DIVERSION ORGANIZATIONS
ANTI-DIVERSION SYSTEMS
ANALYTICS/STATISTICS
ORDER PROCESS/ STABILITY
ORDER STABILITY
PURCHASE STRATEGY
ORDER CREATION
ORDER FREQUENCY
ANALYTICS/STATISTICS

LAGGING

AVERAGE

LEADER

BEST IN CLASS

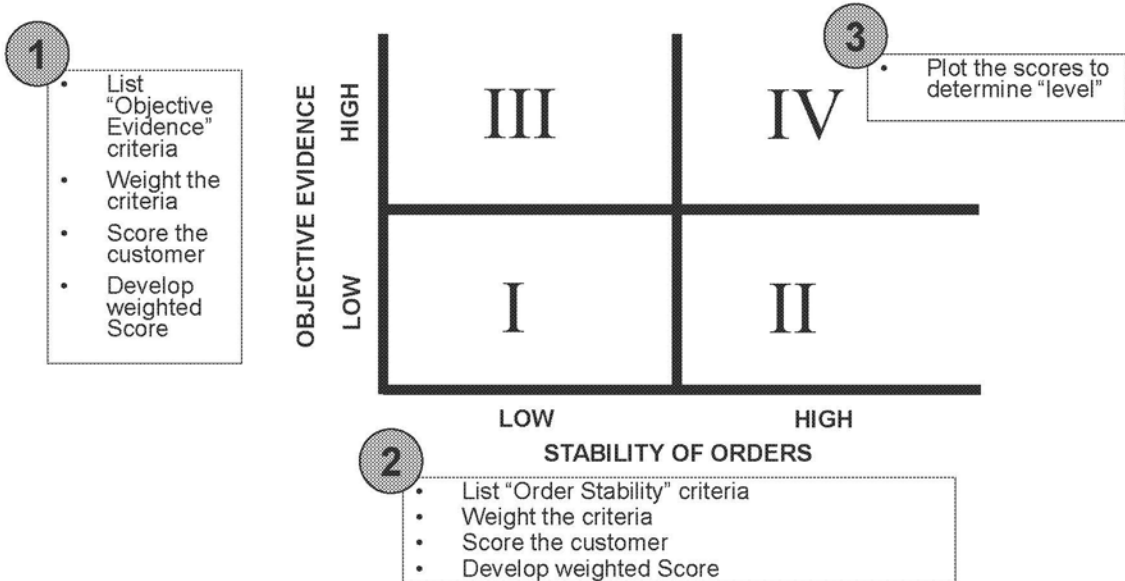
ANTI-DIVERSION CAPABILITIES



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Customer Segmentation Tool— Objective Evidence + Stability scores



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Potential SOM Framework—Menu of SOM activities/guidelines/rules

	I	II	III	IV
KNOW YOUR CUSTOMER INFO				
HISTORICAL DATA				
EARLY WARNING SYSTEM				
STOP OR SHIP/STOP OR SHIP/SHARE INFO				
AUDIT OR CONTINUOUS INFO SHARE				
CONTINUOUS IMPROVEMENT				
BENEFITS				

SEGMENTATION LEVELS



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